

Message Text

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ACTION EUR-12

INFO OCT-01 EA-12 IO-14 ISO-00 AID-05 CIAE-00 COME-00

EB-08 FRB-01 INR-10 NSAE-00 TRSE-00 XMB-04

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PA-02 DOE-15 SOE-02 /143 W

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FM AMEMBASSY BERN

TO SECSTATE WASHDC 6617

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION GENEVA

USICA WASHDC

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USICA FOR PGM/RC

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SUBJ: SWISS REACTION TO BONN SUMMIT

1. SUMMARY: AMB PAUL JOLLES TOLD SWISS

JOURNALISTS SUBSTANCE OF BONN DECISIONS BASED

ON DECISIONS TAKEN EARLIER WITHIN FRAMEWORK OF

OECD. GERMAN TRADE MIN SAID SWISS INTERESTS

INDIRECTLY REPRESENTED BY GERMANS AT BONN. PRESS

VIEWS GOALS AS POSITIVE AND REALISTIC. END SUMMARY.

2. AMB PAUL JOLLES, DIR OF DIV OF COMMERCE OF DEPT OF PUBLIC ECONOMY TOLD SWISS JOURNALISTS IN PARIS JULY L8 THAT SWITZERLAND HAS EVERY REASON TO BE SATISFIED WITH BONN MEETING AND THAT THE SUBSTANCE OF BONN DECLARATION IS BASED ON DECISIONS TAKEN WITHIN FRAMEWORK OF OECD DECISIONS, A POSITIVE DEVELOPMENT. HE CITED ESPECIALLY MEASURES FOR ECONOMIC STIMULATION AND ENERGY POLICY. OF SIGNIFICANCE IS FACT THAT COMMUNIQUE EMPHASIZES FURTHER DEVELOPMENT OF INTL TRADE AS MAJOR FORCE FOR BALANCED GROWTH. JOLLES SAID BONN COMMUNIQUE RECOGNIZED THAT INFLATION IS NOT A NECESSARY POLICY INGREDIENT FOR RE-ACTIVATING WORLD ECONOMY. COMMUNIQUE PRESENTS SWITZERLAND WITH A RENEWED MORAL OBLIGATION WITH RESPECT TO AID FOR DEVELOPING COUNTRIES.

3. DAY BEFORE BONN MEETING BEGAN THE GERMAN TRADE MIN WAS INTERVIEWED ON SWISS TELEVISION AND QUOTED AS SAYING THAT BECAUSE GERMANS AND SWISS FACE SIMILAR ECONOMIC PROBLEMS AND SHARE CLOSE VIEWS ON HOW TO APPROACH THEM THAT SWISS INTERESTS WOULD BE REPRESENTED AT BONN MEETING, EVEN THOUGH SWISS HAD NOT REQUESTED GERMANS TO SPEAK ON THEIR BEHALF. AFTER MEETING THE SWISS PRESS NOTED THAT GERMANY HAD ASSURED SWISS THEIR COMMON INTERESTS WOULD BE UNCLASSIFIED

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REPRESENTED.

4. PRESS:

A) JOURNAL DE GENEVA CONTRASTED BONN WITHG RAMBOUILLET, PUERTO RICO, AND LONDON MEETINGS. SAYS THE SEVEN HAVE WISELY AGREED NOT TO MAKE BIG PROMISES WHICH MAY NOT BE ACHIEVED. BUT THE SEVEN HAVE AGREED ON A BASIC ANALYSIS OF SITUATION - SOMETHING THEY REFUSED TO DO BEFORE. THEIR STATED OBJECTIVES CALL FOR MEANS WHICH WILL PROMOTE OR MAINTAIN GROWTH WITHOUT INFLATION. TWO FUNDAMENTAL CONCESSIONS HAVE BEEN MADE: SCHMIDT ACCEPTED PRINCIPLE OF RESPONSIBILITY OF COUNTRIES IN SURPLUS TO HELP REVIVE WORLD ECONOMY; AND CARTER MADE COMMITMENTS TO CONTAIN US OIL IMPORTS INDICATING US UNDERSTANDS THE DISASTEROUS EFFECT ON ITS BALANCE OF PAYMENTS OF ENERGY POLICY NEGLECT. QUESTIONS TO BE ANSWERED ARE: HOW WILL CERTAIN COUNTRIES BE ABLE TO STIMULATE IMPORTS, KEEP BACK EXPORTS, CONTAIN INFLATION, ALL WITHOUT JEOPARDIZING GROWTH; HOW WILL ANOTHER SUCCEED IN MOVING BUDGET ITEMS FROM OPERATING EXPENDITURES TO INVESTMENT EXPENDITURES; AND TO WHAT EXTENT WILL NATIONAL

PARLIAMENTS SUPPORT THE BONN COMMITMENTS? SIX MONTHS WILL SHOW WHETHER THE SEVEN HAVE THE WILL TO ACCOMPLISH THEIR GOALS.

B) DER BUND CALLED THE MEETING "VERY POSTIVE". SWITZERLAND'S POLICY OF NOT YIELDING TO INFLATION HAS BEEN CONFIRMED , SAID DR. RUDOLF WALSER OF THE DIV OF COMMERCE. WALSER TOLD DER BUND THAT THE SUMMIT PRODUCED MORE THAN EXPECTED AND HE ECHOED JOLLES' STATEMENT THAT FINAL COMMUNIQUE REFLECTED DECISIONS ALREADY REACHED IN THE OECD. DER BUND SAID POLICY OF STIMULATING INTERNAL DEMAND HAS LITTLE SIGNIFICANCE FOR SWITZERLAND IN LIGHT OF NEGLIGIBLE UNEMPLOYMENT AND NEARLY FULL CAPACITY INDUSTRIAL UTILIZATION. REDUCTION OF TAXES IN UNCLASSIFIED

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CANTONS WITH BUDGET SURPLUSES IS EXAMPLE OF CONTRIBUTION TO STABILITY THAT MIGHT BE MADE BY SWISS.

C) NEUE ZUERCHER ZEITUNG BELIEVES PROPOSED SOLUTIONS TO WORLD ECONOMIC PROBLEMS HAVE NOT BASICALLY CHANGED IN BONN. NOT THE OPTIMISM OF THE PARTICIPANTS BUT THE SUCCESS OF THEIR POLICIES IS IMPORTANT FACTOR. A PRELIMINARY EXAMINATION DOES NOT REVEAL THAT A NEW THERAPY HAS BEEN AGREED UPON. BUT AIR OF REALITY AT THE MEETING CONTRASTS FAVORABLY WITH ITS PREDECESSORS. NZZ SAYS OFFICIAL SWISS SOURCES HAVE WELCOMED RESULTS OF THE MEETING.

5. COMMENT: REACTIONS EXPRESSED TO US PRIVATELY BY OFFICIALS DIFFER VERY LITTLE FROM PUBLIC MEDIA REACTION. ALMOST EVERYONE VIEWED THE MEETING ITSELF AS A SUCCESS AND AWAITED FRUITS THEREOF. END COMMENT. CROWLEY

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